



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Hickory County, Missouri

The Office of the State Auditor, in cooperation with Hickory County, has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2007, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, Certified Public Accountants, is attached.

A handwritten signature in cursive script that reads "Susan Montee".

Susan Montee, CPA  
State Auditor

December 2008  
Report No. 2008-79

# **HICKORY COUNTY, MISSOURI**

## **ANNUAL FINANCIAL REPORT**

December 31, 2007 and 2006

HICKORY COUNTY, MISSOURI  
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# **INTRODUCTORY SECTION**

HICKORY COUNTY, MISSOURI  
List of Elected Officials

*County Commission*

Presiding Commissioner – Kent Parson

Associate Commissioner – Robert Breshears

Associate Commissioner – Garry Warren

*Other Elected Officials*

Assessor – Kay Chilton

Circuit Clerk / Recorder – Cee Cee Smith

Collector – Stanley McCoy

Coroner – Connie Boller

County Clerk – Jeanne Lindsey

Prosecuting Attorney – James Hackett

Public Administrator – Rhonda Hargiss

Sheriff – Raymond Tipton

Treasurer – Shirley Reno

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CERTIFIED PUBLIC ACCOUNTANTS

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## McBRIDE, LOCK & ASSOCIATES

### INDEPENDENT AUDITORS' REPORT

To the County Commission and Officeholders of Hickory County, Missouri

We have audited the accompanying financial statements of Hickory County, Missouri as of and for the years ended December 31, 2007 and 2006, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, Hickory County, Missouri has prepared these financial statements using accounting practices prescribed or permitted by the Missouri State Auditor's Office, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Hickory County, Missouri, as of December 31, 2007 and 2006, or the changes in its financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the governmental and agency funds of Hickory County, Missouri, as of December 31, 2007 and 2006, and the receipts, disbursements and budgetary results of the governmental funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated July 29, 2008, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hickory County, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

(Original signed by Auditor)

McBride, Lock & Associates  
July 29, 2008

# **FINANCIAL SECTION**

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

Fund	Cash January 1 2006 (restated)	Receipts 2006	Disbursements 2006	Cash December 31 2006	Receipts 2007	Disbursements 2007	Cash December 31 2007
General Revenue	\$ 498,209	1,375,272	1,472,687	400,794	1,473,462	1,438,192	436,064
Special Road and Bridge	190,315	1,548,524	1,556,368	182,471	1,465,768	1,507,462	140,777
Assessment	14,532	146,362	144,147	16,747	154,577	153,108	18,216
Law Enforcement Training	615	1,758	1,473	900	1,394	1,686	608
Prosecuting Attorney Training	1,015	444	436	1,023	346	436	933
Recorder User	42,377	10,650	6,575	46,452	10,999	3,906	53,545
Law Enforcement Drug	1,714	41	529	1,226	12	1,174	64
Prosecuting Attorney Bad Check	9,885	10,455	12,686	7,654	6,288	6,304	7,638
Children's Trust	420	235	400	255	228	250	233
P.O.S.T	2,624	698	698	2,624	877	877	2,624
Sheriff Special	7,456	8,477	7,070	8,863	15,809	7,107	17,565
John Sally Trust	52,894	1,815	-	54,709	1,841	-	56,550
Prosecuting Attorney Delinquent Tax	-	-	-	-	1,499	-	1,499
Elections Services	18,400	115,673	119,866	14,207	5,664	10,718	9,153
Tax Maintenance	25,867	10,888	300	36,455	12,801	2,392	46,864
Capital Projects	111,533	125,988	-	237,521	129,025	-	366,546
Passport	1,020	2,580	-	3,600	4,890	2,975	5,515
Sheriffs Revolving	-	-	-	-	6,246	5	6,241
County Law Enforcement Restitution	-	-	-	-	95	-	95
Total	\$ 978,876	3,359,860	3,323,235	1,015,501	3,291,821	3,136,592	1,170,730

The accompanying Notes to the Financial Statements are an integral part of this statement.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	GENERAL FUND			
	Year Ended December 31,			
	2006		2007	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>RECEIPTS</b>				
Property taxes	\$ 162,225	157,811	146,803	158,896
Sales taxes	811,247	816,835	835,866	871,125
Intergovernmental	131,577	136,086	136,441	156,831
Charges for services	168,535	175,953	160,204	174,661
Interest	20,673	21,787	21,337	21,139
Other	54,600	52,800	28,850	33,005
Transfers in	14,730	14,000	57,805	57,805
Total Receipts	<u>1,363,587</u>	<u>1,375,272</u>	<u>1,387,306</u>	<u>1,473,462</u>
<b>DISBURSEMENTS</b>				
County Commission	73,310	72,728	74,270	72,885
County Clerk	68,927	66,457	66,397	61,505
Elections	53,777	48,577	34,915	31,025
Buildings and grounds	107,690	99,663	117,035	72,497
Employee fringe benefits	130,454	129,104	141,551	125,619
County Treasurer	27,949	27,103	35,750	35,472
Recorder of Deeds	30,027	28,482	31,115	29,073
Collector	72,119	69,408	73,270	72,735
Associate Circuit Court (Probate)	6,250	5,189	9,700	9,602
Court administration	16,130	10,920	16,246	8,251
Public Administrator	24,750	23,576	24,050	23,448
Sheriff	455,290	452,651	507,349	497,346
Jail	44,780	34,323	38,360	32,472
Prosecuting Attorney	72,474	69,222	73,114	67,860
Juvenile Officer	14,623	13,724	14,892	14,544
Coroner	14,130	13,934	16,330	12,457
Other general revenue	136,301	109,626	127,836	109,767
Transfers out	198,000	198,000	148,000	148,000
Emergency fund	50,000	-	42,000	13,634
Total Disbursements	<u>1,596,981</u>	<u>1,472,687</u>	<u>1,592,180</u>	<u>1,438,192</u>
<b>RECEIPTS OVER (UNDER)</b>				
DISBURSEMENTS	(233,394)	(97,415)	(204,874)	35,270
CASH, JANUARY 1	<u>498,209</u>	<u>498,209</u>	<u>400,794</u>	<u>400,794</u>
CASH, DECEMBER 31	<u>\$ 264,815</u>	<u>400,794</u>	<u>195,920</u>	<u>436,064</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ 218,210	216,338	224,650	236,037	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	1,053,798	943,406	574,153	864,139	111,056	107,081	107,113	114,751
Charges for services	-	-	-	-	1,000	430	500	1,094
Interest	7,500	8,780	8,240	8,532	695	851	778	732
Other	330,000	330,000	1,000	357,060	-	-	-	-
Transfers in	50,000	50,000	-	-	38,000	38,000	38,000	38,000
Total Receipts	<u>1,659,508</u>	<u>1,548,524</u>	<u>808,043</u>	<u>1,465,768</u>	<u>150,751</u>	<u>146,362</u>	<u>146,391</u>	<u>154,577</u>
<b>DISBURSEMENTS</b>								
Salaries	253,445	252,784	267,214	261,432	105,510	104,400	108,218	108,219
Employee fringe benefits	57,466	56,322	59,781	56,528	20,747	18,323	21,087	20,235
Materials and Supplies	247,915	238,482	240,733	205,835	5,230	5,349	9,960	9,142
Services and Other	440,755	433,850	129,455	62,841	19,130	6,875	16,350	6,312
Capital Outlay	192,423	57,688	151,051	141,470	-	-	-	-
Construction	610,024	503,242	893,317	721,551	-	-	-	-
Transfers out	14,000	14,000	5,000	57,805	-	9,200	-	9,200
Total Disbursements	<u>1,816,028</u>	<u>1,556,368</u>	<u>1,746,551</u>	<u>1,507,462</u>	<u>150,617</u>	<u>144,147</u>	<u>155,615</u>	<u>153,108</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(156,520)	(7,844)	(938,508)	(41,694)	134	2,215	(9,224)	1,469
CASH, JANUARY 1	190,315	190,315	182,471	182,471	14,532	14,532	16,747	16,747
CASH, DECEMBER 31	<u>\$ 33,795</u>	<u>182,471</u>	<u>(756,037)</u>	<u>140,777</u>	<u>14,666</u>	<u>16,747</u>	<u>7,523</u>	<u>18,216</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	LAW ENFORCEMENT TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	1,850	1,758	1,500	1,394	300	444	380	346
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>1,850</u>	<u>1,758</u>	<u>1,500</u>	<u>1,394</u>	<u>300</u>	<u>444</u>	<u>380</u>	<u>346</u>
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	1,700	1,473	1,700	1,686	500	436	450	436
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>1,700</u>	<u>1,473</u>	<u>1,700</u>	<u>1,686</u>	<u>500</u>	<u>436</u>	<u>450</u>	<u>436</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	150	285	(200)	(292)	(200)	8	(70)	(90)
CASH, JANUARY 1	615	615	900	900	1,015	1,015	1,023	1,023
CASH, DECEMBER 31	<u>\$ 765</u>	<u>900</u>	<u>700</u>	<u>608</u>	<u>815</u>	<u>1,023</u>	<u>953</u>	<u>933</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	RECORDER USER FUND				LAW ENFORCEMENT DRUG FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	9,300	8,991	8,000	9,059	-	-	-	-
Interest	1,546	1,659	1,400	1,940	34	41	20	12
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>10,846</u>	<u>10,650</u>	<u>9,400</u>	<u>10,999</u>	<u>34</u>	<u>41</u>	<u>20</u>	<u>12</u>
DISBURSEMENTS								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	15,000	6,575	11,000	561	1,748	529	1,226	1,174
Services and Other	-	-	4,000	3,345	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>15,000</u>	<u>6,575</u>	<u>15,000</u>	<u>3,906</u>	<u>1,748</u>	<u>529</u>	<u>1,226</u>	<u>1,174</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(4,154)	4,075	(5,600)	7,093	(1,714)	(488)	(1,206)	(1,162)
CASH, JANUARY 1	<u>42,377</u>	<u>42,377</u>	<u>46,452</u>	<u>46,452</u>	<u>1,714</u>	<u>1,714</u>	<u>1,226</u>	<u>1,226</u>
CASH, DECEMBER 31	<u>\$ 38,223</u>	<u>46,452</u>	<u>40,852</u>	<u>53,545</u>	<u>-</u>	<u>1,226</u>	<u>20</u>	<u>64</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	PROSECUTING ATTORNEY BAD CHECK FUND				CHILDRENS TRUST FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	2,093	-	-	-	-	-	-	-
Charges for services	5,473	10,150	7,448	5,930	230	215	200	215
Interest	298	305	303	358	11	20	20	13
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>7,864</u>	<u>10,455</u>	<u>7,751</u>	<u>6,288</u>	<u>241</u>	<u>235</u>	<u>220</u>	<u>228</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	7,000	12,686	15,368	6,304	-	-	-	-
Services and Other	10,663	-	-	-	400	400	250	250
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>17,663</u>	<u>12,686</u>	<u>15,368</u>	<u>6,304</u>	<u>400</u>	<u>400</u>	<u>250</u>	<u>250</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(9,799)	(2,231)	(7,617)	(16)	(159)	(165)	(30)	(22)
CASH, JANUARY 1	9,885	9,885	7,654	7,654	420	420	255	255
CASH, DECEMBER 31	<u>\$ 86</u>	<u>7,654</u>	<u>37</u>	<u>7,638</u>	<u>261</u>	<u>255</u>	<u>225</u>	<u>233</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	P.O.S.T. FUND				SHERIFF SPECIAL FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	698	698	800	877	-	-	-	-
Charges for services	-	-	-	-	9,099	8,477	9,000	13,512
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	2,297
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	698	698	800	877	9,099	8,477	9,000	15,809
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	16,500	7,070	12,000	7,107
Services and Other	698	698	2,400	877	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	698	698	2,400	877	16,500	7,070	12,000	7,107
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	-	-	(1,600)	-	(7,401)	1,407	(3,000)	8,702
CASH, JANUARY 1	2,624	2,624	2,624	2,624	7,456	7,456	8,863	8,863
CASH, DECEMBER 31	\$ 2,624	2,624	1,024	2,624	55	8,863	5,863	17,565

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	JOHN SALLY TRUST FUND				PROSECUTING ATTORNEY DELINQUENT TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	1,469
Interest	1,500	1,815	1,600	1,841	-	-	-	30
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>1,500</u>	<u>1,815</u>	<u>1,600</u>	<u>1,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	5,000	-	10,000	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>5,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(3,500)	1,815	(8,400)	1,841	-	-	-	1,499
CASH, JANUARY 1	52,894	52,894	54,709	54,709	-	-	-	-
CASH, DECEMBER 31	<u>\$ 49,394</u>	<u>54,709</u>	<u>46,309</u>	<u>56,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	ELECTIONS SERVICES FUND				TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	9,500	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	112,850	113,322	-	2,720	-	-	-	-
Charges for services	2,150	1,567	350	1,807	-	9,644	9,500	11,042
Interest	850	784	280	601	844	1,244	1,241	1,759
Other	125	-	-	536	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>115,975</u>	<u>115,673</u>	<u>630</u>	<u>5,664</u>	<u>10,344</u>	<u>10,888</u>	<u>10,741</u>	<u>12,801</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	123,072	117,838	-	-	33,652	-	5,000	2,092
Services and Other	2,000	2,028	14,909	10,718	2,000	300	300	300
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>125,072</u>	<u>119,866</u>	<u>14,909</u>	<u>10,718</u>	<u>35,652</u>	<u>300</u>	<u>5,300</u>	<u>2,392</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	(9,097)	(4,193)	(14,279)	(5,054)	(25,308)	10,588	5,441	10,409
CASH, JANUARY 1	18,400	18,400	14,207	14,207	25,867	25,867	36,455	36,455
CASH, DECEMBER 31	<u>\$ 9,303</u>	<u>14,207</u>	<u>(72)</u>	<u>9,153</u>	<u>559</u>	<u>36,455</u>	<u>41,896</u>	<u>46,864</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	CAPITAL PROJECTS FUND				PASSPORT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,010	2,580	2,500	4,890
Interest	7,098	6,788	6,761	9,825	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	119,200	119,200	119,200	119,200	-	-	-	-
Total Receipts	<u>126,298</u>	<u>125,988</u>	<u>125,961</u>	<u>129,025</u>	<u>2,010</u>	<u>2,580</u>	<u>2,500</u>	<u>4,890</u>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	4,000	2,975
Services and Other	-	-	50,000	-	500	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>4,000</u>	<u>2,975</u>
<b>RECEIPTS OVER (UNDER)</b>								
DISBURSEMENTS	126,298	125,988	75,961	129,025	1,510	2,580	(1,500)	1,915
CASH, JANUARY 1	111,533	111,533	237,521	237,521	1,020	1,020	3,600	3,600
CASH, DECEMBER 31	<u>\$ 237,831</u>	<u>237,521</u>	<u>313,482</u>	<u>366,546</u>	<u>2,530</u>	<u>3,600</u>	<u>2,100</u>	<u>5,515</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH - ALL GOVERNMENTAL FUNDS - REGULATORY BASIS  
 YEARS ENDED DECEMBER 31, 2006 AND 2007

	SHERIFFS REVOLVING FUND				LAW ENFORCEMENT RESTITUTION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2006		2007		2006		2007	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>RECEIPTS</b>								
Property taxes	\$ -	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	6,092	-	-	-	95
Interest	-	-	-	154	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95</b>
<b>DISBURSEMENTS</b>								
Salaries	-	-	-	-	-	-	-	-
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	4,000	5	-	-	-	-
Services and Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RECEIPTS OVER (UNDER)</b>								
<b>DISBURSEMENTS</b>	-	-	(4,000)	6,241	-	-	-	95
<b>CASH, JANUARY 1</b>	-	-	-	-	-	-	-	-
<b>CASH, DECEMBER 31</b>	<b>\$ -</b>	<b>-</b>	<b>(4,000)</b>	<b>6,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95</b>
<b>RECEIPTS OVER (UNDER)</b>								

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
AGENCY FUNDS - REGULATORY BASIS  
DECEMBER 31, 2006 and 2007

AGENCY FUND	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	Cash and Cash Equivalents	Due to Others	Cash and Cash Equivalents	Due to Others
School Fund	\$ 13,665	13,665	11,381	11,381
Unclaimed Fees	-	-	43	43
Overplus Land	28,076	28,076	15,437	15,437
County Employees' Retirement Fund	3,507	3,507	3,531	3,531
Collector	2,827,534	2,827,534	2,612,837	2,612,837
Total	<u>\$ 2,872,782</u>	<u>2,872,782</u>	<u>2,643,229</u>	<u>2,643,229</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

HICKORY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hickory County, Missouri ("County"), is governed by a three-member board of commissioners. In addition to the three board members, there are nine elected Constitutional Officers: Assessor, County Clerk, Circuit Clerk-Recorder, Coroner, Collector, Prosecuting Attorney, Public Administrator, Sheriff and Treasurer.

As discussed further in Note 1, these financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The County's operations include tax assessments and collections, state/county courts, county recorder, public safety, economic development, social and human services, and cultural and recreation services.

The financial statements referred to above include only the primary government of Hickory County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the County's legal entity.

B. Basis of Presentation

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, net assets, revenues/receipts and expenditures/disbursements. The following fund types are used by the County:

Governmental Fund Type – Governmental funds are those through which most governmental functions are financed. The County's expendable financial resources are accounted for through governmental funds.

Fiduciary Fund Type – Fiduciary funds (agency funds) are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of collections for other taxing units by the Collector and other officeholders.

### C. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

### D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County adopts a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.
3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. Prior to February 1 the budget is legally enacted by a vote of the County Commission.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Adjustments made during the year were not significant and are reflected in the budget information in the financial statements. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year. Individual amendments were not material in relation to the original appropriations which were adopted.

8. Budgets are prepared and adopted on the cash basis of accounting.
9. Although adoption of a formal budget is required by law, the county did not adopt a formal budget for the following funds:
  - a. Prosecuting Attorney Delinquent Tax
  - b. Sheriff's Revolving
  - c. County Law Enforcement Restitution
10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures did not exceed budgeted amounts for any funds.

E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and tax bills are mailed to taxpayers in October and November, at which time they are payable. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuation of the tangible taxable property, included within the County's boundaries for the calendar year 2007 and 2006, for purposes of taxation was:

	<u>2007</u>	<u>2006</u>
Real Estate	\$ 71,055,930	58,369,230
Personal Property	24,417,860	22,910,310
Railroad and Utilities	6,996,715	7,208,002

During 2007 and 2006 the County Commission approved tax levies for General Revenue and Road and Bridge funds that are valued at \$100 of assessed valuation of tangible taxable property for the calendar year 2007 and 2006, for purposes of County taxation, as follows:

	<u>2007</u>	<u>2006</u>
General Revenue Fund	<u>\$0.1845</u>	<u>\$0.1629</u>
Road & Bridge Fund	<u>\$0.2346</u>	<u>\$0.2549</u>

F. Cash Deposits and Investments

Deposits and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par.

Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. Details of these cash balances are presented in Note 2.

## 2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Equivalents" under each fund's caption.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2007 and 2006, the carrying amount of the County's deposits was \$4,043,512 and \$3,658,730 the bank balance was \$3,309,536 and \$3,016,800, respectively. Of the bank balance \$201,251 and \$202,551 for December 31, 2007 and December 31, 2006 respectively were covered by federal depository insurance and \$3,108,285 and \$2,814,249, respectively, were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent, in the County's name.

## 3. COUNTY EMPLOYEES' RETIREMENT FUND - CERF

The County Employees' Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

### A. Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of nine persons.

### B. Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula, and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement at age sixty (for sheriff's department personnel); all other departments in the county the age is sixty. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, P.O. Box 2271, Jefferson City, MO 65102-2271, or by calling 1-573-632-9203.

#### C. Funding Policy

Pursuant to State Statutes, CERF is partially funded from a portion of delinquent property tax penalties and other penalties and fees. Further, a contribution to CERF of 4% to 6% of gross compensation, depending on LAGERS participation, is required for all participants hired on or after February 2002. A contribution of 0% to 4% of compensation, depending on LAGERS participation, is required of employees hired before February 2002. A lesser contribution requirement applies to employees who participate in LAGERS. The source of funding of these contributions is determined by each county. During 2007 and 2006, the County collected and remitted to CERF employee contributions of approximately for \$113,474 and \$104,967, respectively, for the years then ended, equal to the required contributions.

#### 4. POST EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

#### 5. CLAIMS COMMITMENTS AND CONTINGENCIES

##### A. Compensated Absences

The County provides full time employees with sick leave that is accumulated at the rate of one day per complete calendar month of employment. An unlimited amount of sick leave may be carried over from one year to the next. Upon termination, unused sick leave will be forfeited. Vacation time is accrued for every full time employee, and accrues at the rate of 5 days per year to 15 days per year depending on length of employment. Employees may not accumulate vacation leave balances from one year to the next.

##### B. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

## 6. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool. The County is also a member of the Missouri Association of Counties Self-Insured Workers' Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

## 7. CHANGE IN REPORTING ENTITY

The County has changed its definition of the reporting entity, as of January 1, 2006, to include certain fiduciary agency funds in the basic financial statements and to exclude certain funds pertaining to the Circuit Court. The effect of this change is to report a statement of assets and liabilities arising from cash transactions for all agency funds, including agency funds not previously reported. These agency funds consist of assets held by County officeholders as an agent of individuals, private organizations and other governmental units. Because agency funds do not report results of operations, the aforementioned change in reporting entity does not affect changes in cash balances of governmental funds as previously reported.

## **COMPLIANCE SECTION**

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## McBRIDE, LOCK & ASSOCIATES

### AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the County Commission of Hickory County, Missouri

We have audited the accompanying financial statements of Hickory County, Missouri as of and for the years ended December 31, 2007 and 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 29, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control over Financial Reporting

In planning and performing our audits, we considered Hickory County, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickory County, Missouri's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hickory County, Missouri's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Hickory County, Missouri's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles in the United States of America such that there is more than a remote likelihood that a misstatement of the Hickory County, Missouri's financial statements that is more than inconsequential will not be prevented or detected by the Hickory County, Missouri's internal control. We consider the deficiencies described in the findings and recommendations as items 1 and 2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Hickory County, Missouri's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hickory County, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is identified as item 3.

We noted one matter that we reported to management of Hickory County, Missouri, in the Findings and Recommendations section as item 4.

Hickory County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit Hickory County, Missouri's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

(Original signed by Auditor)

McBride, Lock & Associates  
July 29, 2008

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## McBRIDE, LOCK & ASSOCIATES

### AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission of Hickory County, Missouri:

#### Compliance

We have audited the compliance of Hickory County, Missouri, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. Hickory County, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hickory County, Missouri's management. Our responsibility is to express an opinion on Hickory County, Missouri's compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hickory County, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of Hickory County, Missouri's compliance with those requirements.

In our opinion, Hickory County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2006. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

### Internal Control Over Compliance

The management of Hickory County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Hickory County, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hickory County, Missouri's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County Commission, County Officeholders, the Missouri State Auditor, federal and state agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

(Original signed by Auditor)

McBride, Lock & Associates  
July 29, 2008

HICKORY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	<u>Federal Expenditures</u>	
			<u>Years ended December 31,</u>	
			2007	2006
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State of Missouri:				
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO 1640810	\$ 4,969	7,297
	Total for U.S. Department of Housing and Urban Development		<u>4,969</u>	<u>7,297</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through State of Missouri:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO - BO43 (4)	-	280,779
		BRO - BO43 (6)	140,413	7,678
		BRO - BO43 (5)	276,440	11,729
		BRO - BO43 (7)	230,940	8,226
	Total for U.S. Department of Transportation		<u>647,792</u>	<u>308,410</u>
ELECTION ASSISTANCE COMMISSION				
Passed through the Office of Missouri Secretary of State -				
90.401	Help America Vote Act Requirements Payments		<u>2,720</u>	<u>113,322</u>
	Total for Election Assistance Commission		<u>2,720</u>	<u>113,322</u>
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Missouri Department of Public Safety:				
97.036	Public Assistance Grants (Presidentially declared disasters)		9,195	-
97.042	Emergency Management Performance Grants		3,200	3,067
97.067	Homeland Security Grant Program		<u>32,250</u>	<u>-</u>
	Total for U.S. Department of Homeland Security		<u>44,645</u>	<u>3,067</u>
	Total Expenditures of Federal Awards		<u>\$ 700,126</u>	<u>432,096</u>

See accompany notes to Schedule of Expenditures of Federal Awards.

**HICKORY COUNTY, MISSOURI**  
**NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**FISCAL YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C – SUBRECEIPIENTS**

The County provided no federal awards to sub-recipients during the years ended December 31, 2007 and 2006.

HICKORY COUNTY, MISSOURI  
 SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 2007 AND 2006

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards:**

Internal Control Over Major Programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Type of Auditor's Report Issued on Compliance For Major Programs: Unqualified

Any audit findings disclosed that required to be Reported in accordance with section 510(A) of Circular A-133?  Yes  No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway and Transportation – Highway Planning and Construction.

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk:  Yes  No

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

See Findings 1 and 2.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – FOLLOW-UP PRIOR YEARS FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs related to Federal Awards for the two years ended December 31, 2005.

## **FINDINGS AND RECOMMENDATIONS**

HICKORY COUNTY, MISSOURI  
FINDINGS AND RECOMMENDATIONS

**SIGNIFICANT INTERNAL CONTROL DEFICIENCIES**

**1. Timesheet Authorization**

Condition: Timesheets should be properly authorized by having both the employee and the supervisor sign the timesheet. This procedure decreases the chance of error on the timesheet such as too many hours recorded or misuse of vacation and sick pay. Of the four employees tested, there were three employees whose timesheets were not all properly signed by the employee and the supervisor.

Recommendation: We recommend all timesheets be properly authorized by both the employee and the supervisor in order to decrease the likelihood of error or improper payment.

County's Response: It is County policy that all time sheets be signed by both the employee and supervisor for each department. I will, upon your recommendation send out a memo to each employee and supervisor to double check signature lines on time sheets before submitting them. I will also advise my Deputy Clerk to double check for signatures before processing payroll and return any unsigned timesheets to the department supervisor.

**2. County Clerk's Purchase Authorization**

Condition: County policy requires, as approval for purchases, two signatures; one from the department head requesting the purchase and the other from the Presiding Commissioner. Of the invoices inspected by the auditors, all had been signed by the Presiding Commissioner and approved. However, there were four invoices that were not properly approved by the department head.

Recommendation: We recommend that the approval procedures set forth by the County be followed. Both the Presiding Commissioner and the department head should properly authorize purchases, so that each department head is held accountable for his purchases and to decrease the likelihood that unauthorized or improper purchases occur.

County's Response: County's Response: Agree with recommendation. It is County policy that invoices be approved by the department head and Presiding Commissioner. The County Clerk will send out a memo reminding all department heads of County procedure concerning invoices and advise Deputy Clerk in charge of accounts payable to double check invoices for signatures and return any with missing signature before payment is made.

**ITEM OF NONCOMPLIANCE**

**3. Lack of Investment Policy**

Condition: The County has not adopted an investment policy. Investment policies are

established to ensure that investments made by the County appropriately commit the County to the principles of safety, liquidity, and yield when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. RSMo 30.950 requires political subdivision with authority to invest in instruments other than depository accounts to have an investment policy.

Recommendation: We suggest that the County Commission adopt an investment policy in accordance with RSMo 30.950.

County Response: The County will take the issue under advisement.

### **OTHER MATTERS**

In planning and performing our audit of the financial statements of Hickory County, Missouri (the County) as of and for the years ended December 31, 2007 and 2006, in accordance with generally accepted government auditing standards, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. Our comments and suggestion regarding this matter are summarized below. We previously reported on the County's internal control in our report dated July 29, 2008. (A separate report dated July 29, 2008 contains our report on significant deficiencies in the County's internal control). This document does not affect our report dated July 29, 2008.

#### **4. Documentation in Personnel Files**

Condition: Personnel files should contain W-4, payroll authorization, employment forms, and personnel reviews. Out of the four employees we tested, two employees did not have documentation confirming their current authorized salary. This documentation provides a reference for any questions or concerns that may arise. The County Clerk is responsible for placing current payroll authorization forms in the personnel file.

Recommendation: We recommend that the County Clerk's Office properly place the payroll authorization forms in the personnel file in order to ensure accurate salaries are paid to each employee.

County's Response: I agree with recommendation and will update each employee file to include current payroll authorization forms.

HICKORY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Hickory County, Missouri, on the applicable findings in the prior audit report issued for the two years ended December 31, 2005 and 2004.

The County did not always solicit bids, or bid documentation was not always retained for some purchases. Controls over fuel usage in the Sheriff's Office and the Road and Bridge department need improvement. Form 1099 Miscellaneous was not always prepared when applicable. The County did not always enter into contracts when appropriate.

Status: *Implemented*